GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1770
ANSWERED ON:01.08.2003
WORLD BANK REPORT ON INDIAN ECONOMY
PUTTASWAMY GOWDA

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has drawn a gloomy picture of the country`s financial and economic growth;

(b) if so, the facts of the matter reported by the World Bank report; and

(c) the steps taken/being taken by the Union Government to address the problems which have been pointed by the World Banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) and (b): The World Bank in its development policyreview entitled `India: Sustaining Reform, Reducing Poverty` released on July 14, 2003, while acknowledging that India`s growth over the past two decades has been one of the world`s highest among large countries, has expressed concern over the deterioration in the fiscal position of the Centre and the States. The Review observed that rising deficits and worsening public expenditure composition has limited the prospect for accelerating growth and poverty reduction.

(c): The Government is conscious of the need for reduction infiscal deficit and promoting investment for productive purposes. Fiscal consolidation is one of the five priorities addressed in the Union Budget for 2003-04. The Budget has proposed a number of initiatives, such as, promoting infrastructure development by leveraging public money through private sector participation, promoting private investment and measures aimed at fiscal consolidation. These initiatives are expected to have a positive influence on the growth of the economy.